

Indy
7/28/64

COUNTRY: India

CIA

SUBJECT: Textile Industry/Industrial Investment

DATE

DATE ACQUIRED: Mar 54 & earlier

25X1A2g

DATE OF INFORMATION:

PROCESSED

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1. "The cotton textile industry in India is observing its first centenary. In its chequered history the industry has weathered many a storm. Today it ranks as the biggest organized industry in India, employing 750 thousand workers in 453 units. Rs 1040 million are invested in the industry and its annual turnover is about Rs four million. The annual production of cotton mills in India has reached the level of over 4,900 million yards, which is a new all-time record, and which is in excess of the target laid down in the Five Year plan for 1955-56. In recent years the industry has developed an important export trade, contributing about Rs 800 million to the country's foreign exchange earnings in a good year.
2. "The return of a buyers' market in the world has made acute the question of rationalization in the textile industry. It is well known that over 75% of the machinery in India textile mills is more than 25 years old and that during the war the plants were overworked. Labour is strongly opposed to any moves towards modernization or rationalization because of fears that it will lead to unemployment. The government's policy is one of hesitancy.
3. "In his address to the annual session of the Federation of Indian Chambers of Commerce, Mr R G Saraiya, the outgoing president, remarked that industrial investment in the country has not been of an order that would help sustain development on a scale necessary for a rapidly growing economy. During the one year period ending September 1953, the total amount for which licenses were granted for investment in new establishments in the 37 scheduled industries was Rs 330 million out of which Rs 180 million were for one of the proposed oil refineries. In the case of expansion of existing industries out of the Rs 490 million over Rs 310 million were accounted for by the iron and steel industry alone. In other words, excluding iron, steel and petroleum, investment in other industries is not encouraging."

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